

CITY OF SAN JOSE

2006-2007 ADOPTED CAPITAL BUDGET

CAPITAL PROGRAM PERFORMANCE MEASURES

A set of consistent and comprehensive performance measurements along with targets and goals have been established for the entire capital program. Measures have been established for four key areas: schedule (cycle time), cost, quality, and customer satisfaction.

The following table lists the City-wide capital program performance measures. These measures are designed to provide uniformity and consistency, provide clear and measurable outcomes, and to encourage operating CSAs and departments to consider total requirements for service delivery, including capital facilities and assets.

City-Wide Capital Program Performance Measures

5-Year Strategic Goals	Performance Measures	2007-2011 5-Year Goal	2006-2006 1-Year Target	2006-2006 Estimate	2006-2007 1-Year Target	2007-2008 2-Year Target
Deliver quality CIP projects on-time and on-budget	1. % of CIP projects that are delivered* within 2 months of approved baseline schedule	85%	85%	81% (117/145)	85%	85%
	2. % of CIP projects that are completed** within the approved baseline budget	90%	90%	75% (53/71)	90%	90%
	3. Project delivery costs (exclusive of City-wide overhead) as % of total construction costs for completed projects with construction costs:					
	less than \$500,000-	31%	31%	35%	31%	31%
	between \$500,000 and \$3M-	23%	23%	23%	23%	23%
	greater than \$3M-	15%	15%	NA***	15%	15%
	Total (all construction projects)-	-	-	30%	-	-
	4. % of operations and maintenance divisions rating new or rehabilitated capital facilities as being functional and sustainable after the first year of use	80%	80%	74%	80%	80%
	5. % of customers rating new or rehabilitated CIP projects as meeting established goals (4 or better based on a scale of 1-5)	85%	85%	79%	85%	85%

Notes:

- * Projects are considered to be "delivered" when they are available for their intended use.
- ** Projects are considered to be "completed" when final cost accounting has occurred and the project has been accepted.
- *** Not Applicable.

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CAPITAL PROGRAM PERFORMANCE MEASURES (CONT'D.)

Performance Measurement Update

Capital projects are being delivered at a record pace, continuing the City's *Decade of Investment*. In 2005-2006, over 140 projects are estimated to be completed by the City. Staff has made steady improvements in delivering projects on-time with an estimated 81% performance, compared to 76% in 2004-2005. Despite the improvements, the City is slightly below its 85% on-time performance target. Some of the reasons that project schedules have been extended include coordination with other agencies (utility connections, permits, and agreements), extended community processes, extensive time in determining the final scope of work, and complications during the rehabilitation of existing structures.

On-budget performance is measured after all costs have been accounted for and after recordation of project acceptance by the County of Santa Clara. Project acceptance can occur months or sometimes a year or more after a project reaches beneficial use because of such issues as the time required to complete punch list items or resolve contractor claims. Of the estimated 71 projects accepted in 2005-2006, an estimated 75% were delivered on-budget as compared to project baseline budgets. This is below the 90% on-budget performance target. Some projects went over-budget due to project schedule-related delays, which often required additional costs to staff, consultants, and/or contractors. In addition, some projects experienced higher than anticipated right-of-way costs and utility conflicts, which often required significant redesigns.

A preliminary evaluation of projects accepted during 2005-2006 indicates delivery costs are at or slightly above targeted levels. Staff will continue to analyze cost data for accepted projects to identify opportunities to implement improvements to project delivery with the goal of bringing delivery costs to within targeted levels. In addition, the City has been transitioning to a new accounting system during the last few years, which will improve staff's ability to account for project expenditures by phases and allow for delivery costs to be calculated more accurately.

The performance measurement for quality is derived from surveys in which operations and maintenance groups provide their opinions on completed capital projects. Operations groups measure how well the projects function and serve the purposes specified during project scoping. Maintenance groups are asked to rate how sustainable projects are in terms of maintenance. Because most projects have a one-year warranty period provided by the contractors and because of the training of operators and maintenance staff on new or modified facilities, surveys for capital projects are conducted after a facility has been in operation for one year.

Operations and maintenance surveys are conducted in 2005-2006 for projects that reached beneficial use in 2004-2005. The average survey result of 74% rating the facilities as functional and sustainable after the first year of use is lower than the target of 80%. There were, however, a low number of responses from some CSAs, which could skew the overall results. Some operators and maintenance staff expressed the desire to have more post-project discussions with project architects and engineers so that they could share areas that need corrective action. Project implementation staff is working with operations and maintenance groups to ensure that current issues are corrected and that improvements are made on future projects.

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CAPITAL PROGRAM PERFORMANCE MEASURES (CONT'D.)

Performance Measurement Update (Cont'd.)

The customer satisfaction performance measures gather public feedback on completed capital projects. These surveys are conducted after a project has been delivered and is in use. Most CSAs conducted surveys on users of facilities, such as in libraries, parks, and public buildings. Some CSAs conducted surveys of residents and businesses impacted by the construction of the project as it is difficult to obtain useful public feedback on projects such as sewers, sidewalks, and traffic signals.

Customer satisfaction surveys were conducted for 53 projects that reached beneficial use this fiscal year. Customers were generally pleased with the new capital improvements and appearance of the projects, giving an average rating of 79%. Some survey respondents gave high marks to City staff and construction crews for keeping them informed of project progress and for taking care of problems quickly, while other survey respondents were not as satisfied with the quality of various projects.

Staff is analyzing survey results for both the quality and customer satisfaction measurements to determine what type of improvements should be incorporated into future projects. Staff is also evaluating more effective methods of conducting these surveys, including improvements to the structure and format, which will yield a higher percentage of returned surveys.